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FM AMEMBASSY ASHGABAT

TO RUEHC/SECSTATE WASHDC PRIORITY 2218

INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE

RUCNCIS/CIS COLLECTIVE

RUCNMEM/EU MEMBER STATES COLLECTIVE

RUEHAK/AMEMBASSY ANKARA 4757

RUEHBJ/AMEMBASSY BEIJING 2551

RUEHKO/AMEMBASSY TOKYO 2416

RUEHIT/AMCONSUL ISTANBUL 3003

RUCPDOC/DEPT OF COMMERCE WASHDC

RHEHNSC/NSC WASHDC

RHMFISS/CDR USCENTCOM MACDILL AFB FL

RUEAAIA/CIA WASHDC

RHEFDIA/DIA WASHDC

RUEKJCS/Joint STAFF WASHDC

RUEKJCS/SECDEF WASHINGTON DC

RUEHVEN/USMISSION USOSCE 3284

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 000139

SIPDIS

STATE FOR SCA/CEN, EEB, ECA

E.O. 12958: DECL: 01/28/2019

TAGS: PREL PGOV EFIN SOCI TX

SUBJECT: ECONOMIST DESCRIBES BUSINESS INCUBATOR PROJECT,
BARRIERS TO ENTREPRENEURSHIP IN TURKMENISTAN

REF: A. 08 ASHGABAT 1602

1B. ASHGABAT 0110

Classified By: Charge Richard Miles, reasons 1.4 (B) and (D).

11. (C) SUMMARY: A Fulbright alumna said that 70 current and aspiring entrepreneurs are taking part in her business incubator project, which offers classes in basic entrepreneurship and English. Alumni of U.S. programs such as Future Leaders Exchange Program (FLEX), International Visitor Programs, and Fulbright and who currently work in institutions of higher learning and for NGOs are teaching the classes. The interlocutor said that the Union of Entrepreneurs and Industrialists has been a good partner and predicted that it would be open to partnering on other capacity-building projects. She added that the Union intends to open a micro-finance bank, which might lead to a full fledged business incubator. She cited the lack of micro-financing, basic principles of market economics, and information technology expertise throughout the country as barriers to Turkmenistan's entrepreneurial progress. Roundtables and other activities geared towards educating and interacting with entrepreneurs would be worthwhile capacity- and relationship-building activities, especially in coordination with the Union of Entrepreneurs and Industrialists. END SUMMARY.

12. (C) In a meeting on January 26, Fulbright alumna Maral Meredova (please protect throughout), described her business incubator project, funded by an alumni democracy outreach grant, which uses classroom space donated by the Union of Entrepreneurs and Industrialists to give basic classes on entrepreneurship and business to 70 Turkmen. Some of these students are Union members who operate businesses, but others simply want to explore this topic about which little information and training exists in Turkmenistan. Meredova described the first session, which covered gathering information about a country in order to present it as a tourist destination and how to present the country to tourists. Other topics include business and commercial law, local registration and licensing procedures, marketing, management, information technology, customer relations, and human resources. This project is also teaching introductory and intermediate business English to about 60 students.

Instructors consist of alumni of U.S. programs such as Future Leaders Exchange Program (FLEX), International Visitor Programs, and Fulbright who are employees of the Institute of Management and Economic Development's National Economy Department (please protect) and the International Research and Exchanges Board (IREX), as well as the organizer of an independent NGO (ref A).

¶3. (C) Meredova said that the Union of Entrepreneurs and Industrialists intends to open a bank that will provide microfinancing to entrepreneurs. Meredova was aware that her project provides instruction on more basic concepts than traditional business incubators would cover. She thought that after opening a bank, the Union of Entrepreneurs could function as a fully-fledged business incubator. Meredova added that President Berdimuhamedov fully supports the Union's goal of opening a bank. Meredova was complementary about the Union's chairman, Aleksandr Dadayev (ref B), saying that he supports all initiatives and partners, including foreign partners. She predicted that any capacity-building projects will be supported by the Union of Entrepreneurs and the Supreme Council for Science and Technology, but suggested that the Ministry of Education would be less likely to offer support.

¶4. (C) In Meredova's view, the following are the main obstacles to Turkmenistan's development:

-- The lack of micro-financing means that aspiring entrepreneurs must now approach family and friends for

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start-up funds, a prospect that is becoming more and more difficult.

-- The lack of basic finance and economics knowledge, including price setting (equilibrium), importance of reinvesting profits, and real estate as investment.

-- While computers are now located in schools all over the country, there are no teachers in many of these villages who know even the most basic computing concepts and therefore the technology sits, unused.

-- A dearth of economic and finance information in the provincial capitals, and a complete lack of access to any such information in the provinces outside of the capitals.

¶5. (SBU) COMMENT: The example of the session on tourism illustrates the effects of 17 years of isolation on Turkmenistan. Locals are truly interested in any kind of capacity building project and want to explore all options for career opportunities. This means there are a wide-range of possibilities for potential training projects and seminars in the area of entrepreneurship. Partnering with a carefully chosen local entity is helpful, in terms of gaining an imprimatur and building relationships. Meredova specifically suggested holding roundtables for entrepreneurs, which has potential for success as a joint project with the Union of Entrepreneurs and Industrialists. END COMMENT.

MILES